

## NOTES OF MEETING

## PEMUDAH Private Sector Meeting No. 19/2020

5 November 2020

PENGARAH

PCD

## 1. OPENING REMARKS

- Chairman YBhg. Dato' Dr. Ir. Andy Seo Kian Haw commenced the **Nineteenth PEMUDAH Private Sector Meeting of 2020** via Teams.Microsoft online link at 11.00 a.m. on 5 November 2020 and welcomed Members and the paper presenters.
- Chairman hoped that the Conditional Movement Control Order (CMCO) imposed on Kuala Lumpur, Petaling, Putrajaya, Sabah and Labuan since 14 October 2020 would succeed in flattening the Covid-19 pandemic curve. Businesses are allowed to continue operating during this second CMCO by adhering to SOPs announced by the National Security Council (NSC) with shorter working hours and a limited number of workers present in the office such as those staff in administration and planning.
- The World Bank Group had delayed the publication of their Ease of Doing Business 2021 Report. This annual report is usually released in the final week of October. The publication date has not been announced yet. The PEMUDAH technical working groups have nevertheless continued on with their improvement initiative work focussing on the case studies of the Doing Business Report. Their work should also go beyond the case studies as the actual situation on the ground in regions outside the case studies may not be the same as the case study situation.
- Chairman cited the series of meetings held by the Technical Working Group Dealing with Construction Permits (TWGDWCP) the past few weeks that were co-chaired by YBhg. Tan Sri Teo Chiang Kok, PEMUDAH Member, which had delved into issues beyond the case study and their recommendations would be presented to KSU, KPKT. Malaysia's ranking on the DWCP indicator is hoped to be further improved based on the recommendations. Technical Working Group Getting Electricity (TWGGE) co-chaired by YBhg. Dato' Seri Wong Siew Hai and the CEO of the Energy Commission had met on 2 November 2020 to discuss enhancing the efficiency in Getting Electricity and further improving Malaysia's fourth-ranked performance on this indicator of the Doing Business Report. PEMUDAH in collaboration with MPC had also presented to *Menteri Besar* of Pahang Darul Aman in October 2020 the findings of the subnational studies prepared by the World Bank Group on Dealing with Construction Permits, Registering Property and Trading Across Borders.
- YBhg. Dato' Abdul Latif, Director-General of MPC, thanked the Members for their continuing participation in the PEMUDAH public-private partnership and their contributions to realise the recommendations for the ease of doing business and the business climate. He informed that MPC remained in close engagement with the secretariat of the Economic Action Council (EAC) with regard to implementing improvement recommendations and weekly meetings

were still being held with YBhg. Tan Sri Nor Azlan, the executive director of the EAC. The budget speech of the Minister of Finance on 6 November 2020 is expected to mention the *MyMudah* initiative.

- Chairman informed that several media reports were released about Malaysia's favourable rankings and good investment climate such as the report prepared by KPMG. He requested the Secretariat to summarise these reports and present the summary in the next meeting.
- **The meeting agreed that:**
  - (i) The said reports about Malaysia's favourable rankings and good investment climate be summarised and presented in the next meeting.

**Action: Secretariat**

**2. PAPER 1: STATUS OF BUSINESS LICENSING ELECTRONIC SUPPORT SYSTEM (BLESS) BY THE MINISTRY OF ENTREPRENEUR DEVELOPMENT AND COOPERATIVES (MEDAC)**

**A. YBrs. Encik Izheir Azam (MEDAC) presented as follows:**

- (1) A chronology was presented of the development and implementation journey of BLESS from PEMUDAH having supported in 2007 the initial proposal for its development, business process re-engineering of licences/permits/other approvals, roll-out to the various States, and, finally, to the transfer of BLESS in August 2018 from ICU JPM to MEDAC.
- (2) The players in the BLESS Collaboration consisted of MAMPU (innovation, policy and business process re-engineering), MPC (research measuring service efficiency), Licensing Authorities (process owners and customer support) and the BLESS System Developer under MEDAC (automation and technical support).
- (3) BLESS services are categorised under portal, online licensing management, technical assistance and training sessions.
- (4) Licence development under BLESS is done through three variations: 1-Way Integration (152 licence types), Fully BLESS (103 licence types) and 2-Ways Integration (10 licence types). A total of 265 licence types had been developed under BLESS.
- (5) A flowchart of the BLESS licence development process was presented.
- (6) The implementation and operation of BLESS until October 2020 had involved 265 licence types, 19 Ministries, 56 Licensing Authorities, 4 major integrations, about 267,000 registered users, about RM4.9 million worth of collections and about 2.8 million portal hits. Total transactions had increased from about 18,000 in 2013 to about 95,000 in 2019.
- (7) The top-3 highest numbers of transactions done under BLESS 1.0 in 2020 to-date were under *Sijil Perakuan Pembantu Perubatan* (21,285), *Sijil Perakuan Bomba* (5,066) and *Lesen Pemaju Perumahan* (4,830). For BLESS 2.0, it was

*Lesen Runcit Barang Kawalan Berjadual (18,156), Permit Barang Kawalan Berjadual (13,673) and Lesen Borong Barang Kawalan Berjadual (4,067).*

(8) Due to the system instability issues within BLESS, it is proposed a new system, BLESS NextGen, be developed to replace BLESS. Existing licences will be re-developed into BLESS NextGen. The project is expected to run from 2021 to 2023. A budget allocation has been applied for under RMK12.

**B. The meeting noted that:**

(1) Tan Sri Teo Chiang Kok enquired whether all the BLESS-enabled 265 licence types were already in use by the public as public awareness of these licence types was lacking possibly due to a lack of publicity. (Chairman recalled that the BLESS initiative started off with the hoteling, construction and manufacturing sectors and SME Corp subsequently took over BLESS to promote it as one of its high-impact programmes.) Encik Izheir informed that MAMPU promoted online business registrations and licensing under Portal Malaysia Biz which BLESS had been integrated into.

(2) Tan Sri Teo wanted to know whether BLESS allowed for: (i) the tracking of applications by applicants, (ii) applicants to notify to the system of an application that had “jammed”, and (iii) a help desk manned by staff and (iv) enquired what the approval timeline comparison was between applications submitted through BLESS and submitted directly to a department. Encik Izheir said he would revert to the Secretariat with a response to Tan Sri Teo’s questions raised.

(3) Tan Sri Teo commented that BLESS was purposed to link government agencies in data sharing and as such civil servants had to be well trained to use the system properly in order to achieve its objectives. Chairman added that agencies and government departments were supposed to obtain information about applicants by accessing to BLESS and dispense with the need to request applicants to re-submit information that had already been submitted earlier to another government body. Encik Izheir noted these comments.

(4) YBhg. Dato’ Pardip, PEMUDAH Member, (i) enquired whether all the reported about 83,000 applications submitted through BLESS had already been processed or some were still pending. This question was related to determining the effectiveness of online licensing. Awareness of BLESS is low but the number of applications is high, (ii) wished to know why KSU KPKT had indicated that KPKT wished to discontinue their use of BLESS and whether there were other agencies that also wished likewise, (iii) enquired why the formal name of BLESS was changed to a name of BLESS NextGen which would confuse the public as the brand name of BLESS should not be changed and (iv) questioned whether the reported total of about 83,000 applications received through BLESS during the Covid-19 pandemic period was a valid total figure. Encik Izheir noted the queries raised by Dato’ Pardip and confirmed that applications had totalled about 83,000 based on applications for licence issuances, renewals and cancellations.

- (5) Chairman enquired whether the number of industry groups covered by BLESS had been increased. He requested for a list of the industry groups and licence types that were covered by BLESS and for a breakdown of the licence types that were actively processed through BLESS out of the 265 licence types. Encik Izheir will provide the statistics to the Secretariat.
- (6) Chairman enquired whether a development budget was available for BLESS NextGen. Encik Izheir informed that a budget allocation had been applied for under RMK 12. Chairman emphasized that BLESS should continue otherwise the funds spent and PEMUDAH's much effort taken in promoting the system would be wasted.
- (7) Chairman enquired what the rationale was for having Portal Malaysia Biz; whether BLESS complemented Portal Malaysia Biz or whether BLESS was imbedded in Portal Malaysia Biz. He requested for a presentation to be given on Portal Malaysia Biz in the next meeting. Encik Izheir said BLESS was imbedded in Portal Malaysia Biz.
- (8) Mr. David Jones, PEMUDAH Member, commented that the awareness of BLESS amongst trade associations and chambers was very low despite the approximately 83,000 applications reported to have been submitted through BLESS. Businesses usually have to make the rounds at the various government departments to submit and transact applications rather than transact through BLESS. Greater promotion of BLESS is required. He suggested that MEDAC provide a short power point presentation of about 2 to 3 pages on BLESS for associations and chambers.
- (9) Chairman requested that the next meeting be informed about the identity of the person who is in overall charge of BLESS as well as be provided clarifications to all the issues and questions raised in the meeting. Encik Izheir took note of the request and will convey the same to MEDAC management.

**(C) The meeting agreed that:**

- (1) Clarifications be provided for whether BLESS allowed for: (i) the tracking of applications, (ii) notification to be issued to the system if an application is "jammed", and (iii) a help desk manned by staff. A timeline comparison between applications submitted through BLESS and submitted over the counter is also to be provided.

**Action: MEDAC**

- (2) Clarifications be provided for (i) whether all the reported about 83,000 applications submitted through BLESS had already been processed or some were still pending. (ii) why KSU KPKT had indicated that KPKT wished to discontinue their use of BLESS and whether there were other agencies that also wished likewise, and (iii) why the formal name of BLESS has been changed to BLESS NextGen.

**Action: MEDAC**

(3) A list of the industry groups and licence types that are covered by BLESS and a breakdown of the licence types that are actively processed through BLESS out of the 265 licence types be provided to the Secretariat.

**Action: MEDAC**

(4) A presentation is to be given on Portal Malaysia Biz in the next meeting.

**Action: MAMPU / MEDAC**

(5) A power point presentation of about 2 to 3 pages be prepared on BLESS and provided to associations and chambers.

**Action: MEDAC**

(6) The next meeting is to be informed about the identity of the person who is in overall charge of BLESS as well as be provided clarifications to all the issues and questions raised in the meeting.

**Action: MEDAC**

**3. PAPER 2: INSTANT FULFILMENT. FOOD & RETAIL DELIVERY MATTERS (NON-GRAB) BY RETAIL, FOOD & BEVERAGES PRODUCTIVITY NEXUS (RFBPN)**

**A. Encik Deric Yeo, Champion RFBPN, presented as follows:**

**(1) Objectives of Presentation:**

- (i) To identify instant fulfilment business hurdles between fulfilment companies and food and beverages and retail vendors (FBRV);
- (ii) To reduce pain points faced by FBRV with online businesses that work within the non-GRAB instant fulfilment segment; and
- (iii) To consider issues faced by newly-established players without the financial, geographical and other clout of first-mover-advantage players namely Grab and Foodpanda.

(2) Grab and Foodpanda have captured the largest market shares in prepared food instant fulfilment, being almost duopolistic. FBRV are complaining of their unfair practices in terms of margins, listing and apps visibility.

(3) Visibility & Listing: Small FBRV alleged ranking and favouritism were not good for their businesses due to them not being featured prominently despite paying for services.

(4) Prohibitive margins charged for listing on the apps are a high barrier to entry. (During the MCO, many FBRV needed to be on the platforms in order to survive). F & B vendors cited high margins of 40% were charged but Grab informed in a dialogue that their highest margins charged were capped between 30% and 35%. Smaller players validated that Grab did charge margins above

40% with base margins as high as 35% that were added on with rider, order, transaction and processing fees.

(5) New instant fulfilment players are trying to break the duopolistic coverage by Grab and Foodpanda on a single F & B or grocery approach or on a dual product platform.

(6) **Problem/Issues**

- (i) No transparency in margins and terms from Grab and Foodpanda;
- (ii) Larger and more established F & B companies enjoy prioritisation from Grab and Foodpanda;
- (iii) Smaller businesses and Mom & Pop outlets find it harder to compete due to costs, not being able to manage customers leading to costlier to serve and Grab's high margins charged;
- (iv) Vendors' poor understanding of the entire end-to end system of setting up and managing the online platform delivery services;
- (v) System glitches and limitations make it difficult to manage seamless delivery prioritisation, vendors, riders and customers;
- (vi) Smaller new players find it difficult to compete because of the larger players' clout in investor support and government support and coverage and also the larger players' moves to eliminate competition;
- (vii) Government support is perceived to favour the larger players instead of encouraging start-ups on a more level playing field for a higher level of competition to offer customers more favourable cost options;
- (viii) A one-stop information centre does not exist to assist smaller players in legal and licensing matters. Information regarding new legislations or laws passed is not disseminated timely;
- (ix) MEDAC is perceived to be more supportive of the established larger players instead of assisting smaller players to establish themselves; and
- (x) The Government's e-Dagang platform should support the existing smaller players to grow and also to build up the segment.

(7) **Recommendations**

- (i) Financing, funding and governmental support have to be extended based on merit and must not favour the larger first movers in the market;

- (ii) Fairness and transparency have to be practised in providing grants to start-ups. Governmental partnerships with large players should be lessened;
- (iii) Anti-competition laws have to be made more current so that the larger players are not allowed to hurt the small players such as by running promotions where vendors have to drop prices and bear delivery prices;
- (iv) E-Dagang platform funding should support small players to become more competitive rather than creating competition amongst small players;
- (v) Regulations should favour all players. MEDAC, MCMC, MDEC and MOSTI should ensure protection for small players from the actions of large players;
- (vi) Stakeholder engagements should take into holistic consideration large as well as small players before laws, regulations and plans are approved so as to promote a healthier business ecosystem to benefit vendors, operators, riders and customers; and
- (vii) Prices should not be set as this will be anti-competition. Players should be allowed to compete. Vendors and customers should be allowed to choose the platforms that serve them best.

**B. The meeting noted that:**

- (1) Encik Ganesh, PEMUDAH Member, agreed with the points presented by RFBPN and said he brought up to MDEC's attention the issue of PENJANA funding for large players such as Lazada and Shopee. He described the peculiar manner in which MDEC engaged with industry players on PENJANA funding - local players were only invited at 5.00 p.m. to join in a 6.00 p.m. briefing where MDEC informed they had already appointed the large players and requests were only received by local players on a Thursday for them to submit their presentations on the same Sunday. MDEC, when queried, explained that they awarded to the large players and not the local players because the large players could help the food and beverages vendors and retailers. From the presentation, it was now learned that even the vendors and retailers were unhappy with the large platform players.
- (2) Tan Sri Teo pointed out that only Lazada and Shopee, two foreign-owned platforms, were selected by the Government for the PENJANA cash vouchers assistance programme but both these companies offered mainly foreign products thereby not helping local producers. He said Malaysia Competition Commission (MYCC) had been written to and questioned why Grab and Foodpanda charged a delivery fee of a disproportionate 35% of the value of a sale when it was felt that the fee should be based on the transportation costs

of the delivery and not on the sale value of the goods carried. MYCC has not responded. (Dato' Pardip concurred with Tan Sri Teo's comments.)

- (3) Encik Ganesh believed that Grab and Foodpanda justified their charges by their delivery services as well as securing customers for their merchants. Grab do charge based on the distance travelled for just delivery. Encik Deric Yeo added that, due to this, these two platforms termed themselves as aggregators. Chairman opined that it was natural for the Government to work with large players first as they were more established and had systems and networks to kick-start a national project and thereafter the other players could join in.
- (4) Chairman enquired whether RFBPN had discussed the issues with MYCC in particular to explore whether there was any element of collusion or dominant market position as Grab and Foodpanda were charging the same rate of 35% and whether RFBPN had approached KPDNHEP on possible profiteering. Encik Deric Yeo said RFBPN had discussed with Grab Food but not yet with MYCC and KPDNHEP. Chairman suggested that Encik Deric Yeo lead the Nexus for meetings with MYCC and KPDNHEP to establish whether there was collusion and excessive margins leading to profiteering.
- (5) Tan Sri Teo shared that during the MCO he had a purchase arrangement with Cameron Highlands vegetable farmers but after two months the farmers stopped participating because they received threats from middlemen. Encik Deric Yeo said he had not received news of such threats and the Nexus had assisted in the supply chain for corn.
- (6) Chairman requested Encik Ganesh to help advise RFBPN how to move forward. Encik Ganesh initially suggested to look into the entry of a third large player which Encik Deric Yeo concurred with but after further deliberation it was agreed that it would be more effective to assist restaurants and other food and beverages vendors to market their products directly through their own platforms to consumers rather than promoting the entry of a third large player. Encik Deric Yeo added that a big data base was essential for this strategy to succeed.
- (7) Cik Sonia added that several new small players were trying to disrupt the big players and these small players should be given assistance. She concurred that it was not necessary to have a third large player. Encik Ganesh agreed with her view and said funding and other assistance should be given to the existing small players to grow them into viable alternatives as well as helping vendors and retailers to market directly.
- (8) Both Encik Ganesh and Encik Deric Yeo agreed to further discuss the instant fulfilment food and retail delivery issues amongst themselves in order to seek the way forward.

**C. The meeting agreed that:**

- (1) Encik Deric Yeo should lead the Nexus for meetings with MYCC and KPDNHEP to establish whether there was collusion and excessive margins leading to profiteering.

**Action: RFBPN**

(2) Both Encik Ganesh and Encik Deric Yeo are to further discuss the instant fulfilment food and retail delivery issues amongst themselves in order to seek the way forward.

**Action: Encik Ganesh / Encik Deric Yeo**

**4. PAPER 3: DELIVERING PANDEMIC RESILIENCE – HOW TO SECURE STABLE SUPPLY CHAINS FOR VACCINES AND MEDICAL GOODS DURING THE COVID-19 CRISIS AND FUTURE HEALTH EMERGENCIES BY DHL EXPRESS (MALAYSIA) SDN. BHD. (DHLM)**

**A. Cik Norita Syazana, Manager, Customs & Regulatory Affairs, DHLM presented as follows after a foreword from Encik Julian Neo Poh Choon, Managing Director, Deutsche Post DHL, Malaysia and Brunei informing that the “white paper” presentation was based on discussions held with industry experts, NGOs, published research houses, McKinsey & Co, and global heads of logistics and supply chains in vaccines delivery:**

(1) Logistical challenges in Covid-19 vaccines distribution:

- (i) Starting from the fourth quarter of 2020, minus 70-degrees Centigrade deep-frozen logistics may be required in the early phase of transporting more than 10 billion doses of Covid-19 vaccines needed globally due to the lack of data on the vaccines stability in a shortened development process to meet ambitious schedules (The usual temperature protocol for vaccines is between 2 and 8-degrees Centigrade);
- (ii) The vaccines are needed to be distributed to and within countries with varying climatic conditions and logistical capabilities. Potential vaccine manufacturers include AstraZeneca, Johnson & Johnson, Sinovac, Sanofi and Novavax; and
- (iii) Logistical implications may arise from stringent temperature requirements especially in downstream distribution due to sheer numbers of shipments, the ensuring of consistent temperature along the supply chain and the need for proper handling.

(2) A potential supply chain set-up with respective logistical equipment encompasses intermediate transport, intercontinental shipment, warehouse delivery and interim storage, downstream distribution, and short-term storage and application.

(3) Covid-19 vaccine distribution can be done through three supply chain archetypes of end-to-end logistics solutions: Direct shipment to point-of-use, local cross-docking and local warehousing. The archetype of choice is considered based on supply assurance and in-country stock levels, lead-time, infrastructure, packaging, temperature requirements and local climate.

(4) Logistical and operational implications arising from the Malaysian country features:

- (i) Very fast delivery times, high reliability levels, and quick setting-up of interim storage and end-distribution with high quality standards;
- (ii) A standardised network plan and centralised management;
- (iii) Fast international supply chains and guaranteed airfreight capacity for Malaysia;
- (iv) Warehousing of a limited extent only and to run on “just-in-time” concepts of logistics and vaccination; and
- (v) Robust logistics and extensive infrastructure to service delivery points speedily and with quality.

(5) Seventy per cent of the Malaysian population are expected to be vaccinated against Covid-19 at a cost of RM3 billion in order to achieve herd immunity. The Government has the options of negotiating on a government-to-government basis or negotiating directly with vaccine manufacturers to procure vaccines.

(6) On receiving a request from a government, a DHL taskforce will assess the state of readiness of the country for the distribution and application of the vaccines which includes assessing logistical requirements and the available infrastructure.

(7) The globally-leading logistical capability for life science and healthcare goods of DHLM's parent company, Deutsche Post DHL, covers air thermonets, ocean thermonets, warehouses, clinical trial depots, warehouse pharmacists, temperatures as low as minus 196 degrees Centigrade and servicing of 150 countries.

(8) Next Steps:

- (i) Hold a discussion to specify the logistical requirements of the Ministry of Health (MOH) and the Government;
- (ii) Deutsche Post DHL is to outline its competence profile and the development of possible partnership models, and
- (ii) To identify the potential scope of services for vaccine supply security in Malaysia.

**B. The meeting noted that:**

(1) Encik Jaya (MITI) enquired whether DHLM was in a position to fill any gaps in Malaysia's distribution and logistical capabilities. Encik Julian Neo Poh Choon, DHLM Managing Director, informed that DHLM's business units of express, global forwarding, warehouse and supply chain and e-commerce worked in unison to functionalise the three supply chain archetypes. For instance, DHL

globally had already acquired 200 ultra-low temperature freezers for hubs and gateways.

- (2) Encik Jaya also wanted to know whether DHLM had already approached MOSTI. Cik Norita said DHLM had emailed MOSTI but no traction had been made yet on the matter and would welcome assistance for such a contact to be arranged. Encik Jaya added that life science companies had directly engaged with the Government through their embassies and suggested that DHLM should also directly approach MOSTI due to the urgency.
- (3) Cik Norita enquired about the next step to be taken in order for DHLM to be able to engage with stakeholders. Chairman replied that the Members need to deliberate on the matter first. Dato' Abdul Latif added that the information obtained from the presentation and the way forward would have to be discussed. All relevant parties will have to be engaged so as to enlist their support. The outcome and recommendations from the discussion will be shared with the Members in a subsequent meeting.
- (4) Encik Zahid Ismail, Deputy Director-General, MPC, suggested a memorandum be prepared by PEMUDAH for presentation to YBhg. Tan Sri KSN to inform him of the situation.
- (5) Chairman added that if DHLM encountered any bureaucratic issues in airfreighting the vaccines into Malaysia or in delivering the vaccines throughout the country, PEMUDAH would stand ready to render assistance.

**C. The meeting agreed that:**

- (1) A memorandum be prepared by PEMUDAH for presentation to YBhg. Tan Sri KSN to inform him of the situation.

**Action: Secretariat**

- (2) DHLM should also directly approach MOSTI.

**Action: DHLM**

**5. OTHER MATTERS**

**The following matters were noted by the meeting:**

**(1) PEMUDAH Technical Working Groups' Webinars**

Chairman encouraged the technical working groups to hold more webinars in particular so as to surface and address policy issues that could be highlighted in papers to be presented to Ministries and/or Tan Sri KSN. Procedural issues can be directed to the government agencies. The Secretariat should be contacted to set up intended webinars.

(2) **Wilayah Incorporated Initiative**

Chairman informed that the Ministry of Federal Territories had appointed him to co-chair together with the Minister a panel on the Wilayah Incorporated initiative that goes beyond the DBKL jurisdiction. The two-year appointment commenced on 1 November 2020. He will be inviting Members to join him on the panel.

**6. ADJOURNMENT OF MEETING**

Chairman adjourned the meeting at 12.40 p.m. with a word of thanks to the Members and the presenters for their presence and contributions to the meeting.

The date and time of the next meeting will be determined and notified to the Members.

**SECRETARIAT**

**PEMUDAH - THE SPECIAL TASK FORCE TO FACILITATE BUSINESS**

**8 NOVEMBER 2020**

## APPENDIX

### ATTENDANCE LIST

#### Chairman

YBhg. Dato' Dr. Ir. Andy Seo Kian Haw  
PEMUDAH Co-Chair / Vice President, Federation of Malaysian Manufacturers (FMM)

#### PEMUDAH Private Sector Members